

# A Call to Action

The National Flagship Agenda is an investment in Louisiana's future—the future of our children. The dividends, as in any long-term investment, will be measured by the quality of programs, research, and services, and the contributions they make to the intellectual development of our students and the economic development of the state. Through use of best practices, public-private agreements, and securing revenue streams to support services, LSU can continue to increase its ability to meet the financial demands of the Flagship Agenda. Already LSU Dining, Residential Housing, the LSU Union, the University Laboratory School, and the Athletic Department are self-sufficient, operating without any assistance from the University.

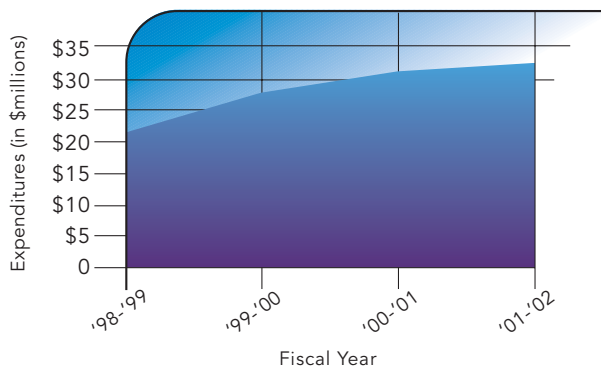
Our goals are ambitious, but achievable. They will only be accomplished if we continue to pursue funding that places us in a competitive posture with our peers. The National Flagship Agenda depends upon our ability to take the following actions.



### ACTION

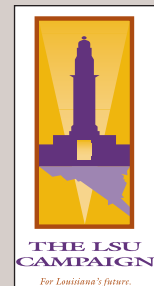
- Increase federal, state, and private dollars used for campus renovations and new building initiatives.
- Increase direct support from the state's general fund.
- Create targeted revenue streams for research from state and federal funds.
- Raise private funds to support undergraduate scholarships, graduate student stipends, and key academic initiatives.
- Review tuition annually, as necessary.
- Increase the Academic Excellence Fee for LSU undergraduates.

LSU Federal Research Expenditures, 1998-99 to 2001-02



- Outsourcing opportunities between the LSU Bookstore and Barnes & Noble and LSU Dining and Chartwells returned \$3.1 million to LSU in 2002-03, and will make improvements amounting to more than \$6.4 million for the life of these contracts.
- Although state funds have not consistently been available for salary increases, LSU has found ways to fund faculty salary increases in each of the last five years.
- Student-supported legislation permitted the University to charge an Academic Excellence Fee that has raised \$5.7 million for improving the educational experiences of LSU students and allocated \$2 million for graduate student stipends.
- The Student Technology Fee, self imposed by the student body, provides improved student access to computing and support services. The students choose which proposed projects are funded.

LSU's first capital campaign, which ended in 2001, raised \$255 million in gifts and pledges. The University's endowment supports more than 40 chairs of at least \$1 million each and more than 300 professorships.

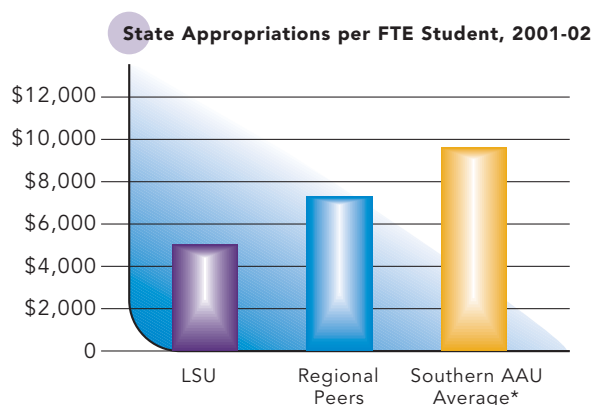


Numerous costs are associated with fulfilling a national flagship university's mission of research, education, and service. These costs vary, depending on the level of degree being sought. However, the key variables in estimating costs are how nationally competitive a state wants its children to be and how economically supportive its universities should be. To educate an undergraduate student, a university must provide salaries for teaching faculty, classrooms, maintenance, and utilities, while also offering support services such as tutoring, career counseling, and need-based amenities to enhance the learning experience. Graduate students are in training to be future researchers and faculty, thus requiring more contact time with faculty. For a professor to train an "apprentice," both require access to an extensive research library and laboratories with advanced equipment.

LSU has two sources of unrestricted revenue—state appropriations and tuition/fees.

### STATE APPROPRIATIONS

- State appropriations provide 56 percent of the University's unrestricted budget. This amounted to



\$4,946 per full-time equivalent (FTE) student in 2001–02, ranking LSU 19 out of 20 in state appropriations among its Southern peers.

- Appropriations to Louisiana's colleges and universities increased 37 percent between 1998–99 and 2002–03. Although this is good news, it follows eight mid-year budget cuts in an 11-year period.
- Recent funding growth addressed only critical institutional needs—depressed salaries, buildings in need of repair, outdated equipment, and inadequate support for faculty, students, and staff.
- Special initiatives have resulted in tremendous benefits. As part of state appropriations, the Governor's Information Technology and Biotechnology initiatives targeted funds to attract outstanding scientists, engineers, and technology experts. This critical funding was necessary to upgrade computing power, provide money to match federal research dollars, and create ground-breaking research and economic development applications.
- For the last four years, LSU has provided raises essential to compete for top scholars.

### TUITION

- In 2001–02, average tuition and fees per LSU student equaled \$3,679. Adding state appropriations and student tuition together, LSU received \$8,625 yearly to educate each student—the lowest amount of the 19 Southern peers, and **\$817 per student less than the next lowest institution**. Generally, universities balance state appropriations and tuition to cover the costs of operation, but that is not the financial model in Louisiana.
- To compensate for the difference between LSU's funding and that of our peers, LSU students have offered to pay more. In 1998, students passed a student technology fee of \$75, an academic excellence fee in 2000, and voiced their support at the Capitol for a 3 percent tuition increase in 2001.

Louisiana's Tuition Opportunity Program for Students (TOPS) provides scholarships equal to college tuition for high school graduates with a 2.5 gpa and 20 ACT composite score. Since LSU's entry requirements are higher than TOPS standards, almost every Louisiana freshman admitted to the University receives a **state-funded merit scholarship (TOPS)**. During 2001–02, about 35 percent of the state's TOPS recipients and almost 40 percent of those who received TOPS stipends above the cost of tuition were enrolled at LSU. In 2001-02, an LSU student receiving a TOPS award only paid \$480 per year.

### FEDERAL, STATE, AND PRIVATE DOLLARS

- University researchers have increased federal grant and contract activity by 24 percent since 1998–99 and boosted private grants and contracts by 38 percent. Some federal monies can be used for renovation of research facilities, new equipment, and graduate assistantships.
- Revenue from sources other than state appropriations and tuition has increased by 25 percent since 1998–99.
- LSU alumni and supporters increased their support of the University; wise investments of LSU's portfolio have resulted in steady annual increases.
- LSU's endowment—which supports chairs, professorships, and scholarships—rose by almost 20 percent between 1998–99 and 2000–01. Annual giving from supporters jumped by 31 percent between 1999 and 2001.

### EFFICIENCIES

- Internal realignment and privatization efforts have improved the University's efforts to cut costs. Twice in the past four years, the University has given faculty salary increases when the state was unable to provide such support.
  - Contracts with Barnes & Noble to operate the LSU Bookstore and Chartwells to administer campus dining, have provided the University with an annual commission that totaled \$3.1 million in fiscal year 2002.
- The Athletic Department is one of a few such programs in the nation to be completely self-sufficient.
  - The Tiger Athletic Foundation solicits donations for projects on behalf of the Athletic Department. The most recent project completed was the renovation of the Gym-Armory to house the Cox Communications Center for Student-Athletes, providing a new classroom-auditorium for campus use and study spaces for student-athletes.
  - The University purchased a co-generation plant to produce electricity at a much lower rate than what utility companies charge, protecting the budget from wild fluctuations in utility costs as experienced in 2000 and 2001.
  - LSU is ranked among the top 30 four-year universities in enrollment, providing advantages in terms of economies of scale. Lack of resources limits course sections and laboratory renovations, but enrollment management and facilities planning permits the University to optimize existing space.
  - LSU balances the number of students per class versus the quality of instruction that can be offered to a class of a given size.



## LSU FLAGSHIP AGENDA FINANCIAL PLAN

Listed below are the resources that need to be added to LSU's base budget in order to attain the Flagship Agenda goals.

FLAGSHIP RESOURCES	2010 TARGET	FULL IMPLEMENTATION
Create new faculty positions	\$ 15 million (150 positions)	\$ 25 million (250 positions)
Increase research, academic, and technical support staff	\$ 5 million	\$ 17 million
Increase library holdings and information access	\$ 6 million	\$ 8 million
Raise faculty compensation; promotions	\$ 9 million	\$ 13.5 million
Provide scholarships and student support	\$ 4 million	\$ 5 million
Upgrade technology infrastructure	\$ 5 million	\$ 13 million
Provide start-up packages for research	\$ 4 million	\$ 5 million
<b>Totals</b>	<b>\$ 48 million</b>	<b>\$ 86.5 million*</b>

\* Estimated amount needed to bring LSU up to Southern Regional Education Board average for comparable universities.